

COMMERCE COMMITTEE- PUBLIC HEARING ON MARCH 10, 2016
TESTIMONY ON HOUSE BILL 5577- AN ACT REQUIRING THE EVALUATION OF THE COSTS AND BENEFITS
OF ESTABLISHING CERTAIN COMMERCIAL GAMING WITHIN THE STATE OF CONNECTICUT
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Co-Chairs Representative Perone, Senator Hartley, and members of the Committee,

My name is Aran Ryan and I am a Director with Oxford Economics. Today I am here to offer testimony on House Bill 5577- An Act Requiring the Evaluation of the Costs and Benefits of Establishing Certain Commercial Gaming Within the State of Connecticut. Thank you for the opportunity to speak with you today.

Oxford Economics was commissioned by MGM Resorts International to independently analyze the potential economic impacts related to expanded commercial gaming in Connecticut. As background, Oxford Economics is a leading independent global advisory firm. I have been involved in this type of economic research for over 15 years and have analyzed the potential economic impacts of expanded gaming on behalf of state governments, as well as private companies. We have completed our research and today I will highlight key findings.

As a starting point, we analyzed a baseline scenario that incorporates the impact of new competition in Massachusetts and New York. We then considered two potential future alternative scenarios.

In the first scenario, we assumed the development of a commercial casino in a North Central location, proximate to Hartford. This matches certain assumptions in the single casino expansion scenario analyzed by Clyde Barrow in work for the MMCT. However, there is a key difference between our analysis and that conducted by Clyde Barrow – we believe it is important to recognize that a new commercial casino will negatively impact the existing Connecticut casinos. Indeed, after deducting for the impact to existing facilities, we expect a net gain of \$160 million of gaming revenue in 2019 in this scenario. As a result, we expect new jobs would be partially offset by a loss of existing jobs, and fiscal benefits would be limited.

In the second scenario, we assumed development of a casino at a Southwest Connecticut location. Given its accessibility to patrons in the large New York metro market, a casino in such a location would be anticipated to support a larger capital investment than in North Central Connecticut, generate greater levels of revenue, and employ a greater number of employees. After adjusting for the expected decrease of gaming revenue at existing Connecticut facilities, we expect a net gain of \$462 million of gaming revenue in 2019. This is almost three times the net gain realized in the North Central scenario.

Overall, we found that:

1. Each of the scenarios with expanded Connecticut gaming creates net new tax revenue, jobs, and other economic impacts for Connecticut; however, the positive impacts of new casinos cause reductions at existing Connecticut casinos.
2. When considered on a net impact basis, and in the context of the existing tribal compacts, the addition of a single casino in North Central Connecticut offers relatively limited fiscal benefits for Connecticut.

3. The addition of a single casino in Southwest Connecticut offers more than two and a half times the net benefits to Connecticut of adding a casino in North Central Connecticut

Thank you for your time.